

Hindustan Zinc revenue up 29.3% Y-o-Y following higher volume, higher byproduct realizations and higher LME prices while sale of merchant power contributed to higher income from power.

('000 tonnes)	Q1FY11	Q1FY10	Y-o-Y (%)	Q4FY10	Q-o-Q (%)
Copper cathode	77	78	-1.3	80	-3.8
Aluminium Ingots	63	72	-12.5	68	-7.4
Zinc mined metal content	182	162	62	194	1
Zinc cathode	1	65	39	1	1
Average Zinc Prices	2,020	1,460	38.3	2,288	-11.7
Average Aluminium Prices	2,092	1,488	40.6	2,163	-3.3

During the quarter, operating profit margin deteriorated by 510 basis points on Q-o-Q basis to 25.1% on account of lower sales realizations and lower volumes. However, PAT margins declined by 230 basis points Q-o-Q to 24.5% due to higher other income which includes forex gains of Rs165 crore on account of AS30. On Y-o-Y basis, operating profit margins and PAT margins have increased by 280 basis points and 430 basis points respectively.

Outlook and recommendation

The global demand recovery is continuing though at a relatively slower pace after a strong pull back in 2H2009. While pace of growth in China has tempered down with measures to cool down the credit growth while growth in US and Europe was primarily on account of re-stocking.

Aluminium prices are expected to remain flat on account of high levels of inventory and uncertainty over demand from China. While we expect mixed markets for commodities in during FY11, we are more positive on zinc compared to others. We also expect power revenue to contribute higher from Q2FY11, following commercial production of 600MW unit at Jharsuguda in September 2010. At the CMP of Rs 178 the stock is trading at 7.6 times its FY12 earnings of Rs 23.6 and we remain positive on the stock.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Sterlite Industries (India) Ltd.	Q1FY11	Q1FY10	% Chg.	Q1FY11	Q4FY10	% Chg.	FY201003	FY200903	% Chg.
Net Sales	5924.5	4537.1	30.6	5924.5	7110.8	-16.7	24410.3	21144.2	15.5
Other operational Income	45.8	41.8	9.6	45.8	117.0	-60.9	272.1	304.2	-10.5
Total Oper. Income(TOI)	5970.3	4578.9	30.4	5970.3	7227.8	-17.4	24682.5	21448.4	15.1
Raw Materials Cons.-	3482.0	2407.1	44.7	3482.0	3063.9	13.7	12273.6	10278.4	19.4
% to TOI	58.3%	52.6%	-	58.3%	42.4%	-	49.7%	47.9%	-
Stock adj. (-)Inc / (+)Dec-	-246.3	-335.1	-26.5	-246.3	409.3	PL	-198.2	280.2	PL
% to TOI	-4.1%	-7.3%	-	-4.1%	5.7%	-	-0.8%	1.3%	-
Net Raw Mat adj. for stock	3235.7	2072.0	56.2	3235.7	3473.2	-6.8	12075.4	10558.6	14.4
% to TOI	54.2%	45.3%	-	54.2%	48.1%	-	48.9%	49.2%	-
Other expenses	953.6	1312.9	-27.4	953.6	1333.8	-28.5	5409.2	5125.4	5.5
% to TOI	16.0%	28.7%	-	16.0%	18.5%	-	21.9%	23.9%	-
Contribution Net_Sales	1781.0	1194.0	49.2	1781.0	2420.8	-26.4	7197.9	5764.4	24.9
Personnel	283.7	173.1	63.9	283.7	235.3	20.6	854.0	756.1	13.0
% to TOI	4.8%	3.8%	-	4.8%	3.3%	-	3.5%	3.5%	-
Total expenditure	4472.9	3558.0	25.7	4472.9	5042.3	-11.3	18338.6	16440.1	11.6
Operating Profit	1497.4	1020.9	46.7	1497.4	2185.5	-31.5	6343.9	5008.3	26.7
<i>% to TOI</i>	<i>25.1%</i>	<i>22.3%</i>	<i>-</i>	<i>25.1%</i>	<i>30.2%</i>	<i>-</i>	<i>25.7%</i>	<i>23.4%</i>	<i>-</i>
Non-Operating Income	691.5	378.3	82.8	691.5	548.6	26.0	1687.2	1850.1	-8.8
Interest	140.9	71.2	97.8	140.9	120.6	16.8	342.4	397.3	-13.8
Exceptional Items	0.0	0.0	0.0	0.0		-	-297.0	55.3	PL
Gross Profit	2048.0	1328.0	54.2	2048.0	2613.5	-21.6	7391.8	6516.4	13.4
Depreciation	217.0	173.6	25.0	217.0	224.6	-3.3	749.8	700.7	7.0
PBT before Extra-ord	1831.0	1154.4	58.6	1831.0	2389.0	-23.4	6642.0	5815.8	14.2
% to TOI	30.7%	25.2%	-	30.7%	33.1%	-	26.9%	27.1%	-
Extraordinary Items	0.0	0.0	0.0	0.0		-	0.0		0.0
PBT	1831.0	1154.4	58.6	1831.0	2389.0	-23.4	6642.0	5815.8	14.2
Tax Rate	20.1%	20.0%	-	20.1%	19.0%	-	18.6%	14.7%	-
Prov. for Tax	368.5	230.5	59.9	368.5	452.8	-18.6	1233.0	855.0	44.2
% to TOI	6.2%	5.0%	-	6.2%	6.3%	-	5.0%	4.0%	-
Profit after Tax	1462.5	923.9	58.3	1462.5	1936.1	-24.5	5409.1	4960.7	9.0
<i>% to TOI</i>	<i>24.5%</i>	<i>20.2%</i>	<i>-</i>	<i>24.5%</i>	<i>26.8%</i>	<i>-</i>	<i>21.9%</i>	<i>23.1%</i>	<i>-</i>
Minority Interest	-375.6	-321.9	16.7	-375.6	-554.1	-32.2	-1724.1	-1267.1	36.1
PAT (adj. For MI)	1008.4	672.7	49.9	1008.4	1380.9	-27.0	3743.7	3540.0	5.8
Face Value	1.0	2.0	-50.0	1.0	2.0		2.0	2.0	0.0
Equity Share capital	336.1	141.7	137.2	336.1	168.1	100.0	168.1	141.7	18.6
EPS (Rs.)	4.4	13.0	-66.6	4.4	23.0	-81.1	64.4	70.0	-8.1
CEPS (Rs.)	5.0	15.5	-67.7	5.0	25.7	-80.6	73.3	79.9	-8.3

Source: ACE Equity

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